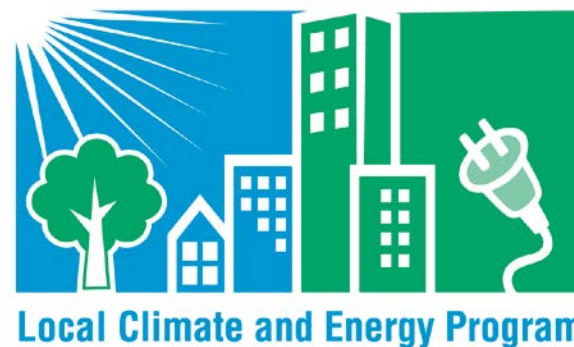


US EPA ARCHIVE DOCUMENT



Clean Energy Financing Programs

Decision Resources for States and Communities

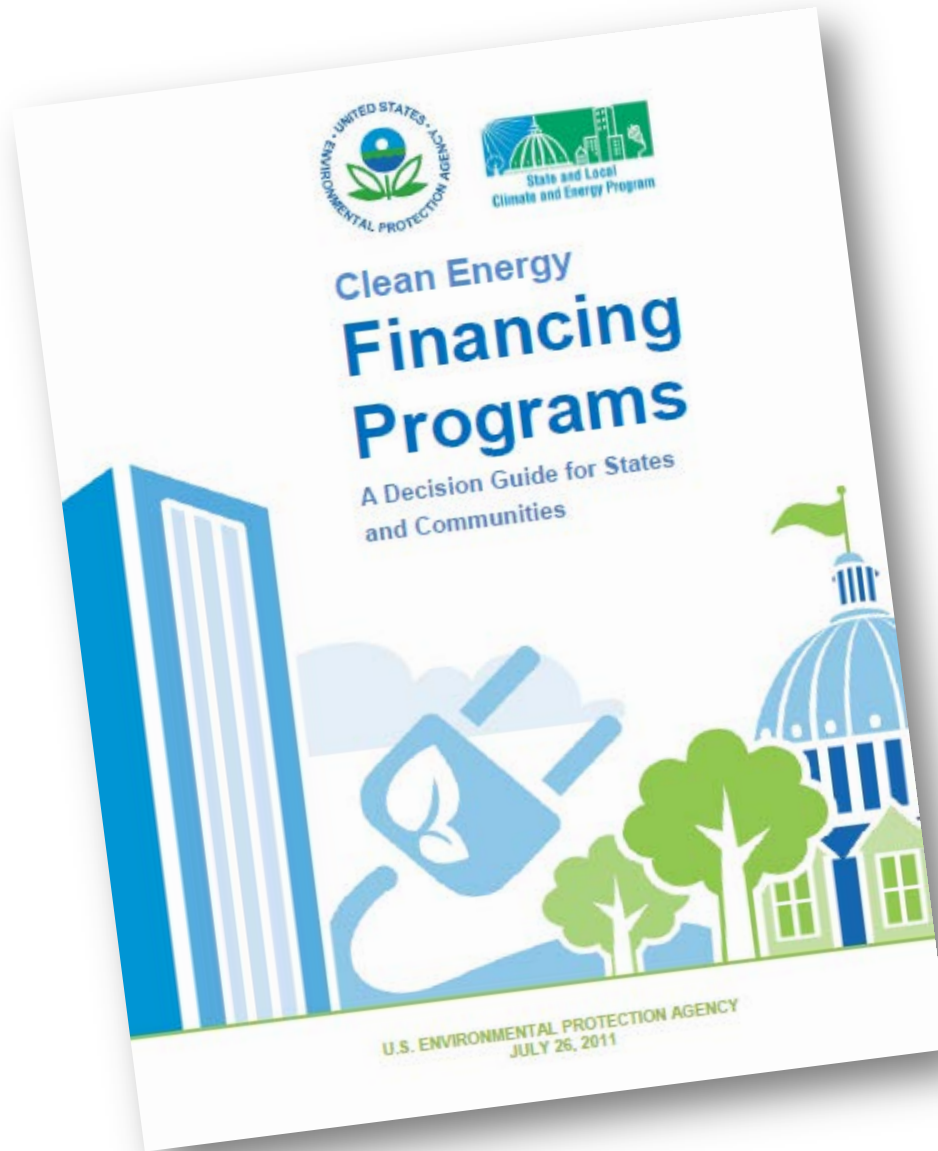
Wednesday, June 13, 2012

Niko Dietsch

U.S. Environmental Protection Agency

State Clean Energy and Climate Program

Available as a PDF...



57 pages with all the details

- Important Objectives
- Keys to Success
- Key Elements
- Financing Program Options
- Financing Tools and Resources

www.epa.gov/statelocalclimate/documents/pdf/FinancingProgramsResourceGuide.pdf

...and Online

A Quick Overview Plus the Interactive Decision Tool

The Decision Tool is a useful starting point for state and local governments wanting to zero in quickly on a financing program that is likely to suit their needs. The Tool does not replace the need for expert advice when choosing and implementing a financing program.

<http://www.epa.gov/statelocalclimate/state/activities/financing.html>



The screenshot displays the EPA's Financing Program Decision Tool. The header includes the EPA logo and navigation links. The main content area is titled "Financing Program Decision Tool" and provides instructions on how to use the tool. It is divided into three main sections: "QUESTIONS", "RESULTS", and "AVAILABLE RESOURCES".

QUESTIONS

Target Market

- 1) Which sector will the program target?
- 2) Will the program target borrowers with marginal credit? ☐ Yes ☒ No
- 3) Will the program offer subsidized financing? ☐ Yes ☒ No
- 4) Will the target market include tenant-occupied buildings? ☐ Yes ☒ No

AVAILABLE RESOURCES

- 5) Do you have access to funds that will not need to be repaid? ☐ Yes ☒ No
- 6) Can you take on additional debt? ☐ Yes ☒ No
- 7) Can you issue bonds to support this particular program? ☐ Yes ☒ No
- 8) Has your state passed PACE legislation? ☐ Yes ☒ No
- 9) Is on-bill repayment through local utilities a viable option? ☐ Yes ☒ No

RESULTS

Financing Program Options

- Revolving Loans
- Credit Enhanced Private Loans
- PACE
- On-Bill Repayment
- Energy Efficient Mortgages
- Performance Contracting
- Rebates
- PPAs / Solar Leases
- HUD PowerSaver

A note at the bottom right states: "You will need Adobe Reader to view some of the files on this page. See EPA's PDF page to learn more."

The Decision Tool: a Guided Tour



QUESTIONS

Target Market

- | | | |
|--|-----------------------|---|
| 1) Which sector will the program target? | Help? | <input type="text" value="Choose..."/> |
| 2) Will the program target borrowers with marginal credit? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 3) Will the program offer subsidized financing? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 4) Will the target market include tenant-occupied buildings? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |

Available Resources

- | | | |
|--|-----------------------|---|
| 5) Do you have access to funds that will not need to be repaid? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 6) Can you take on additional debt? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 7) Can you issue bonds to support this particular program? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 8) Has your state passed PACE legislation? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 9) Is on-bill repayment through local utilities a viable option? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |

RESULTS

Finance Program Options

[Revolving Loans](#)
[Credit Enhanced Private Loans](#)
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[HUD PowerSaver](#)

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Our Scenario



- You are the Sustainability Manager for a mid-size city with a population of 200,000
- Climate and clean energy issues is a new area for your City Council
- No obvious sources of additional funding, and no clear choice of programs
- You propose a clean energy project involving a public building
- That is as far as you've gotten....

1. Which sector will the program target?

QUESTIONS

Target Market

1) Which sector will the program target?

[Help?](#)

Choose...
Choose...
Commercial
Residential
Public
Non-Profit

2) Will the program target borrowers with marginal credit?

[Help?](#)

3) Will the program offer subsidized financing?

[Help?](#)

☐ Yes ☒ No

4) Will the target market include tenant-occupied buildings?

[Help?](#)

☐ Yes ☒ No

Available Resources

5) Do you have access to funds that will not need to be repaid?

[Help?](#)

☒ Yes ☐ No

6) Can you take on additional debt?

[Help?](#)

☒ Yes ☐ No

7) Can you issue bonds to support this particular program?

[Help?](#)

☒ Yes ☐ No

8) Has your state passed PACE legislation?

[Help?](#)

☒ Yes ☐ No

9) Is on-bill repayment through local utilities a viable option?

[Help?](#)

☒ Yes ☐ No

RESULTS

Finance Program Options

[Revolving Loans](#)

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[HUD PowerSaver](#)

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2. Will the program target borrowers with marginal credit?

QUESTIONS

Target Market

- 
- 1) Which sector will the program target? [Help?](#)
- 2) Will the program target borrowers with marginal credit? [Help?](#) ☐ Yes ☒ No
- 3) Will the program offer subsidized financing? [Help?](#) ☐ Yes ☒ No
- 4) Will the target market include tenant-occupied buildings? [Help?](#) ☐ Yes ☒ No

Available Resources

- 5) Do you have access to funds that will not need to be repaid? [Help?](#) ☒ Yes ☐ No
- 6) Can you take on additional debt? [Help?](#) ☒ Yes ☐ No
- 7) Can you issue bonds to support this particular program? [Help?](#) ☒ Yes ☐ No
- 8) Has your state passed PACE legislation? [Help?](#) ☒ Yes ☐ No
- 9) Is on-bill repayment through local utilities a viable option? [Help?](#) ☒ Yes ☐ No

RESULTS

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[HUD PowerSaver](#)

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3. Will the program offer subsidized financing?

QUESTIONS

Target Market

- 1) Which sector will the program target? [Help?](#)
- 2) Will the program target borrowers with marginal credit? [Help?](#) ☐ Yes ☒ No
- 3) Will the program offer subsidized financing? [Help?](#) ☐ Yes ☒ No
- 4) Will the target market include tenant-occupied buildings? [Help?](#) ☐ Yes ☒ No

Available Resources

- 5) Do you have access to funds that will not need to be repaid? [Help?](#) ☒ Yes ☐ No
- 6) Can you take on additional debt? [Help?](#) ☒ Yes ☐ No
- 7) Can you issue bonds to support this particular program? [Help?](#) ☒ Yes ☐ No
- 8) Has your state passed PACE legislation? [Help?](#) ☒ Yes ☐ No
- 9) Is on-bill repayment through local utilities a viable option? [Help?](#) ☒ Yes ☐ No

RESULTS

Finance Program Options

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[HUD PowerSaver](#)

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4. Will the target market include tenant-occupied buildings?

QUESTIONS

Target Market

- 1) Which sector will the program target? [Help?](#)
- 2) Will the program target borrowers with marginal credit? [Help?](#) ☐ Yes ☒ No
- 3) Will the program offer subsidized financing? [Help?](#) ☐ Yes ☒ No
- 4) Will the target market include tenant-occupied buildings? [Help?](#) ☐ Yes ☒ No

Available Resources

- 5) Do you have access to funds that will not need to be repaid? [Help?](#) ☒ Yes ☐ No
- 6) Can you take on additional debt? [Help?](#) ☒ Yes ☐ No
- 7) Can you issue bonds to support this particular program? [Help?](#) ☒ Yes ☐ No
- 8) Has your state passed PACE legislation? [Help?](#) ☒ Yes ☐ No
- 9) Is on-bill repayment through local utilities a viable option? [Help?](#) ☒ Yes ☐ No

RESULTS

Finance Program Options

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[HUD PowerSaver](#)

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5. Do you have access to funds that will not need to be repaid?



QUESTIONS

Target Market

- | | | |
|--|-----------------------|---|
| 1) Which sector will the program target? | Help? | <input type="text" value="Public"/> |
| 2) Will the program target borrowers with marginal credit? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 3) Will the program offer subsidized financing? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 4) Will the target market include tenant-occupied buildings? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |

Available Resources

- | | | |
|--|-----------------------|---|
| 5) Do you have access to funds that will not need to be repaid? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 6) Can you take on additional debt? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 7) Can you issue bonds to support this particular program? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 8) Has your state passed PACE legislation? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 9) Is on-bill repayment through local utilities a viable option? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |

RESULTS

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Click on “Help?” at any time...

QUESTIONS

Target Market

- | | | |
|--|-----------------------|---|
| 1) Which sector will the program target? | Help? | <input type="text" value="Public"/> |
| 2) Will the program target borrowers with marginal credit? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 3) Will the program offer subsidized financing? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 4) Will the target market include tenant-occupied buildings? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |

Available Resources

- | | | |
|--|-----------------------|---|
| 5) Do you have access to funds that will not need to be repaid? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 6) Can you take on additional debt? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 7) Can you issue bonds to support this particular program? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 8) Has your state passed PACE legislation? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 9) Is on-bill repayment through local utilities a viable option? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |

RESULTS

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[HUD PowerSaver](#)

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...and a Help dialogue box will pop up.

QUESTIONS	RESULTS
Target Market	Finance Program Options
1) Which sector will the program target? Help? <input type="text" value="Public"/>	Revolving Loans
2) Will the program target borrowers with marginal credit? Help? <input type="radio"/> Yes <input checked="" type="radio"/> No	Credit Enhanced Private Loans
3) Will the program target borrowers with marginal credit? Help? <input type="radio"/> Yes <input checked="" type="radio"/> No	PACE
4) Will the program target borrowers with marginal credit? Help? <input type="radio"/> Yes <input checked="" type="radio"/> No	On-Bill Repayment
5) Will the program target borrowers with marginal credit? Help? <input type="radio"/> Yes <input checked="" type="radio"/> No	Energy Efficient Mortgages
6) Will the program target borrowers with marginal credit? Help? <input type="radio"/> Yes <input checked="" type="radio"/> No	Performance Contracting
7) Will the program target borrowers with marginal credit? Help? <input type="radio"/> Yes <input checked="" type="radio"/> No	Rebates
8) Will the program target borrowers with marginal credit? Help? <input type="radio"/> Yes <input checked="" type="radio"/> No	PPAs / Solar Leases
9) Will the program target borrowers with marginal credit? Help? <input type="radio"/> Yes <input checked="" type="radio"/> No	HUD PowerSaver

Q5) Do you have access to funds that will not need to be repaid?

This funding includes any monies that the government has direct control over and that do not need to be repaid (i.e., this money is not the result of a loan or a bond) including, but not limited to, general tax revenues, grants, public benefit funds, system benefit charges, emissions allowance revenues, and violation funds. When answering this question, only consider monies that could conceivably be used to fund an energy efficiency or renewable energy finance program.

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5. Do you have access to funds that will not need to be repaid?

QUESTIONS

Target Market

- | | | |
|--|-----------------------|---|
| 1) Which sector will the program target? | Help? | <input type="text" value="Public"/> |
| 2) Will the program target borrowers with marginal credit? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 3) Will the program offer subsidized financing? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 4) Will the target market include tenant-occupied buildings? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |

Available Resources

- 
- | | | |
|--|-----------------------|---|
| 5) Do you have access to funds that will not need to be repaid? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 6) Can you take on additional debt? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 7) Can you issue bonds to support this particular program? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 8) Has your state passed PACE legislation? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 9) Is on-bill repayment through local utilities a viable option? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |

RESULTS

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6. Can you take on additional debt?

QUESTIONS

Target Market

- 1) Which sector will the program target? [Help?](#)
- 2) Will the program target borrowers with marginal credit? [Help?](#) ☐ Yes ☒ No
- 3) Will the program offer subsidized financing? [Help?](#) ☐ Yes ☒ No
- 4) Will the target market include tenant-occupied buildings? [Help?](#) ☐ Yes ☒ No

Available Resources

- 5) Do you have access to funds that will not need to be repaid? [Help?](#) ☒ Yes ☐ No
- 6) Can you take on additional debt? [Help?](#) ☐ Yes ☒ No
- 7) Can you issue bonds to support this particular program? [Help?](#) ☒ Yes ☐ No
- 8) Has your state passed PACE legislation? [Help?](#) ☒ Yes ☐ No
- 9) Is on-bill repayment through local utilities a viable option? [Help?](#) ☒ Yes ☐ No

RESULTS

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[HUD PowerSaver](#)

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7. Can you issue bonds to support this particular program?



QUESTIONS

Target Market

- 1) Which sector will the program target? [Help?](#)
- 2) Will the program target borrowers with marginal credit? [Help?](#) ☐ Yes ☒ No
- 3) Will the program offer subsidized financing? [Help?](#) ☐ Yes ☒ No
- 4) Will the target market include tenant-occupied buildings? [Help?](#) ☐ Yes ☒ No

Available Resources

- 5) Do you have access to funds that will not need to be repaid? [Help?](#) ☒ Yes ☐ No
- 6) Can you take on additional debt? [Help?](#) ☐ Yes ☒ No
- 7) Can you issue bonds to support this particular program? [Help?](#) ☐ Yes ☒ No
- 8) Has your state passed PACE legislation? [Help?](#) ☒ Yes ☐ No
- 9) Is on-bill repayment through local utilities a viable option? [Help?](#) ☒ Yes ☐ No

RESULTS

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8. Has your state passed PACE legislation?

QUESTIONS

Target Market

- | | | |
|--|-----------------------|---|
| 1) Which sector will the program target? | Help? | Public <input type="button" value="v"/> |
| 2) Will the program target borrowers with marginal credit? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 3) Will the program offer subsidized financing? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 4) Will the target market include tenant-occupied buildings? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |

Available Resources

- | | | |
|--|-----------------------|---|
| 5) Do you have access to funds that will not need to be repaid? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 6) Can you take on additional debt? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 7) Can you issue bonds to support this particular program? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 8) Has your state passed PACE legislation? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 9) Is on-bill repayment through local utilities a viable option? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |

RESULTS

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<http://pacenow.org>



9. Is on-bill repayment through local utilities a viable option?



QUESTIONS

Target Market

- 1) Which sector will the program target? [Help?](#)
- 2) Will the program target borrowers with marginal credit? [Help?](#) ☐ Yes ☒ No
- 3) Will the program offer subsidized financing? [Help?](#) ☐ Yes ☒ No
- 4) Will the target market include tenant-occupied buildings? [Help?](#) ☐ Yes ☒ No

Available Resources

- 5) Do you have access to funds that will not need to be repaid? [Help?](#) ☒ Yes ☐ No
- 6) Can you take on additional debt? [Help?](#) ☐ Yes ☒ No
- 7) Can you issue bonds to support this particular program? [Help?](#) ☐ Yes ☒ No
- 8) Has your state passed PACE legislation? [Help?](#) ☒ Yes ☐ No
- 9) Is on-bill repayment through local utilities a viable option? [Help?](#) ☐ Yes ☒ No

RESULTS

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Four Financing Program Options might be suitable in this situation



QUESTIONS

Target Market

- 1) Which sector will the program target? [Help?](#)
- 2) Will the program target borrowers with marginal credit? [Help?](#) ☐ Yes ☒ No
- 3) Will the program offer subsidized financing? [Help?](#) ☐ Yes ☒ No
- 4) Will the target market include tenant-occupied buildings? [Help?](#) ☐ Yes ☒ No

Available Resources

- 5) Do you have access to funds that will not need to be repaid? [Help?](#) ☒ Yes ☐ No
- 6) Can you take on additional debt? [Help?](#) ☐ Yes ☒ No
- 7) Can you issue bonds to support this particular program? [Help?](#) ☐ Yes ☒ No
- 8) Has your state passed PACE legislation? [Help?](#) ☒ Yes ☐ No
- 9) Is on-bill repayment through local utilities a viable option? [Help?](#) ☐ Yes ☒ No

RESULTS

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Click on an Option...

QUESTIONS

Target Market

- | | | |
|--|-----------------------|---|
| 1) Which sector will the program target? | Help? | Public <input type="button" value="v"/> |
| 2) Will the program target borrowers with marginal credit? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 3) Will the program offer subsidized financing? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 4) Will the target market include tenant-occupied buildings? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |

Available Resources

- | | | |
|--|-----------------------|---|
| 5) Do you have access to funds that will not need to be repaid? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 6) Can you take on additional debt? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 7) Can you issue bonds to support this particular program? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 8) Has your state passed PACE legislation? | Help? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 9) Is on-bill repayment through local utilities a viable option? | Help? | <input type="radio"/> Yes <input checked="" type="radio"/> No |

RESULTS

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...to see a brief summary.

QUESTIONS

RESULTS

Target Market

Finance Program Options

Performance Contracting

Energy Savings Performance Contracting (ESPC) is a wide-ranging building retrofit option developed in the private sector. ESPCs are typically performed by an Energy Services Company (ESCO) and include a comprehensive building energy audit, a financial analysis of upgrade options, arrangement of project financing, installation of building upgrades, and post-installation performance monitoring and equipment maintenance.

ESPCs are typically designed to be cash-flow positive or neutral, where the amount of monthly energy savings are at least equal to the amount of the monthly payment needed to finance the improvements. Most ESCOs guarantee the projected energy savings, and will reimburse the customer if the savings are not realized.

ESPCs do not require public subsidies to operate successfully. However, a state or local government can encourage interest in ESPCs by offering rebates or subsidized financing, which may require public-sector funds. Governments with the ability to issue bonds at attractive rates can also aggregate and help raise capital for many smaller projects, passing along the lower interest rate from the large bond issuance to the smaller projects, particularly if the projects will be installed around the same time and have similar payback periods.

Performance Contracting Characteristics

Technology Focus	Energy Efficiency and Renewable Energy (Limited)
Type of Measures Financed	Whole-Building Upgrades
Target Sector(s)	Public, Non-Profit, and Commercial & Industrial

Private Loans

ent

Mortgages

Contracting

ses

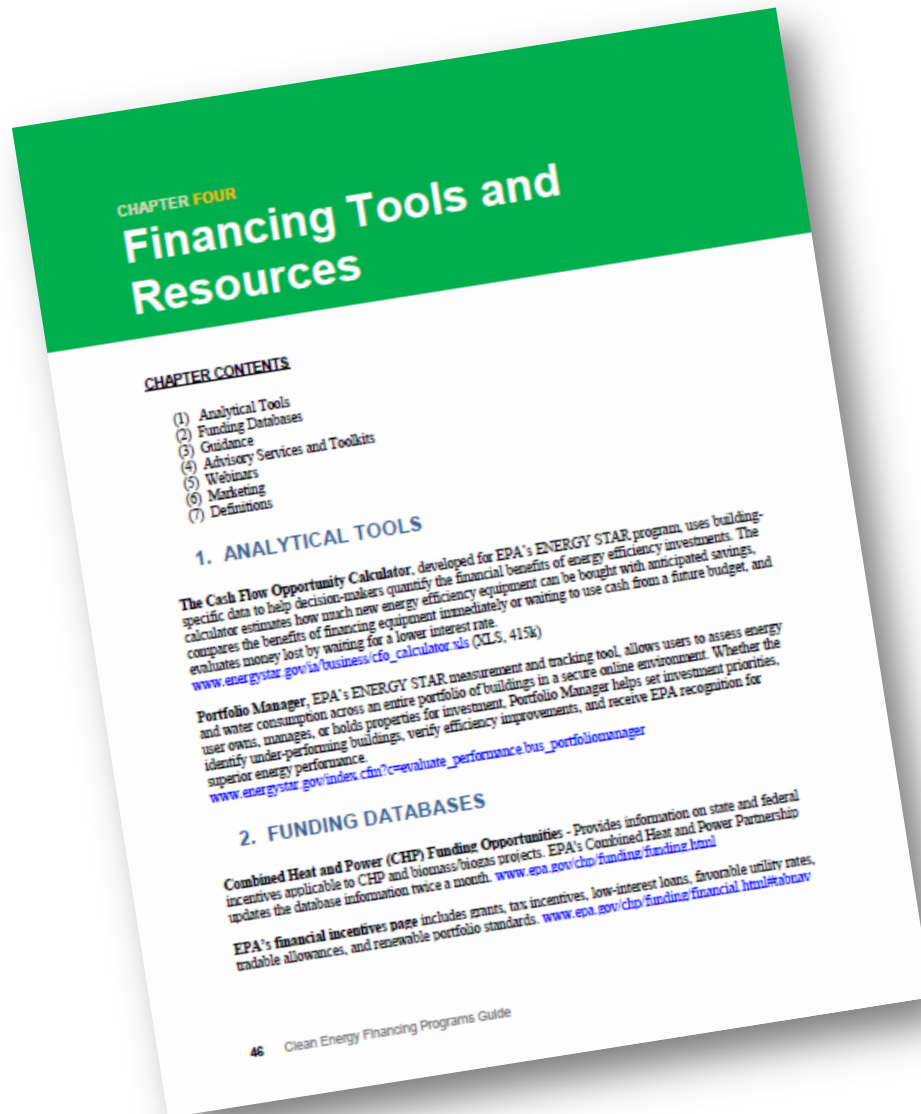
be Reader to view on this page. See to learn more.

9) Is on-bill repayment through local utilities a viable option?

Help?

☐ Yes ☒ No

A Final Note...



The Decision Guide includes six pages of Tools and Resources, including links and brief descriptions

Contact Information



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State Clean Energy and Climate Program

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dietsch.nikolaas@epa.gov

